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Mortgage Choice Acquisition Reveals Aggregation Plans

Australia's largest independently-owned mortgage broker, Mortgage Choice is pleased to announce it has entered into an agreement to make its first purchase after recently declaring acquisitions a key strategy for future market share growth.

The deal with mortgage aggregator LoanKit heralds Mortgage Choice's first step into aggregation via its fully owned subsidiary, Beagle Finance Pty Ltd.

The publicly listed broker is buying selective LoanKit assets including its information technology platforms, loan book and contracts with 50 mortgage brokers. LoanKit is well respected within the industry for its superior business systems, and was rated *No. 1 Aggregator* in Mortgage Professional Australia magazine's '2009 Annual Brokers on Aggregators Survey'.

Leveraging the existing suite of rich tools of trade it has developed over 17 years of operation, along with LoanKit's technology platforms, Mortgage Choice will officially launch an aggregation arm in Q1 CY2010. Along with future acquisitions and alliances, the move will help boost the national company's rate of loan volume growth.

The aggregation arm will offer a true premium platform for the industry's very best brokers, taking full advantage of a long-known gap in the market, and will operate completely independent of the franchise business.

CEO Michael Russell said, "Our expansion to date has been solely organic but as the housing finance market evolves, acquisitions provide a means to take advantage of growth opportunities and maintain our position as an industry leader."

"Alongside the diversification of our service offering and an intense focus on franchise recruitment, acquisitions and alliances are necessary to strengthen Mortgage Choice's growth. As recently stated, our overriding strategy is to increase housing finance market share and customer share of wallet.

"Through this asset purchase we can leverage our strengths and develop a truly complementary business, making available the necessary platforms to start an exclusive, premium mortgage aggregation arm early next year.

"LoanKit provides an essential platform to enable Mortgage Choice to enter the aggregation sphere with confidence. We are serious about cementing our position as Australia's largest independently-owned mortgage broker and we know sizeable changes are needed to keep us top of mind with customers, potential franchisees, investors, analysts and other industry participants.

"This purchase shows we are actively seeking growth opportunities through acquisitions and if the opportunity to buy a great business arises we will pursue it."

LoanKit owner, Kym Rampal said, "I am very pleased that the aggregation business I and my brokers worked so hard to build is being sold to a company with clear vision, exciting strategies and a future full of potential. LoanKit could not be sold to a better company."

The purchase will be completed on 1 December 2009.

At 30 June 2009, Mortgage Choice had 350 franchises nationwide and a loan book of \$36.0 billion. During FY09, it generated \$10.1 billion in loan approvals and \$8.6 billion in settlements, representing over 4% of the Australian home loan market, and posted a net profit after tax of \$13.0 million (AIFRS: \$26.8 million).



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About Mortgage Choice

Mortgage Choice, Australia's largest independently-owned mortgage broker, has a national network of hundreds of franchises and loan consultants supported by Group and State Offices. It provides loan advice on, and choice of, products offered by an extensive panel of Australia's leading lending institutions.

A number of the company's consultants provide a broader service offering, also helping customers source personal and commercial loans, asset finance and risk insurance.

Importantly, Mortgage Choice head office pays franchisees the same commission rate for home loans they write, regardless of the rate paid by the lender selected by a new customer - and has been doing so for most of its 17-year history. The company has no products of its own and works in each customer's interests to source a loan that suits their individual needs.

Mortgage Choice has no balance sheet or funding risk, and consistently delivers strong profits and attractive yields. The company listed on the Australian Stock Exchange in August 2004 (ASX sign: MOC) and is a member of the Mortgage & Finance Association of Australia (MFAA).

Recent awards/recognition: 2009, 2008, 2006 and 2005 MFAA Awards *Retail Aggregator/Originator of the Year*; 2009 and 2008 BRW *Fast Franchises* list; No.1 spot on *Top 25 Brokerages* list by Mortgage Business magazine; 2009 Australian Banking & Finance Awards *Best Financial Institution Employer*; 2009 Great Place to Work® Institute *Best Companies to Work For* list; 2009 and 2008 10 Thousand Feet *Top 10 Franchise* list; 2008 MFAA Awards *Best In Mortgage & Finance Industry*.

Visit www.mortgagechoice.com.au or call the customer service centre on 13 MORTGAGE.

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